

## Friday December 7 2018

NEW YORK THU 06 1609 SYDNEY/MELBOURNE FRI 07 0809

### Latest news

\* **In US economic data**, the ISM services index rose from 60.3 to 60.7 in November (forecast 59.2) with the business activity index at 65.2. The ADP jobs report showed that private sector payrolls rose by 179,000 in November (forecast +195,000). The trade deficit rose from US\$54.6 billion to US\$55.5bn in October (forecast US\$54.9bn). The Challenger report show that there were 53,100 job cuts in November, down from 75,600 in October. Unit labour costs grew at a 0.9% annual pace in the September quarter (forecast 1.1%) with productivity at 2.3% as expected.

\* **European sharemarkets** were weaker on Thursday on news that the chief financial officer of Huawei was arrested in Canada and faced extradition to the US over alleged violations on Iran sanctions. Investors worried that this development could affect US-China trade talks. Auto stocks fell 4.2%. Oil stocks fell 3.7% on news that OPEC hasn't yet reached a deal to cut crude output. The pan-European STOXX600 index fell by 3.1%. The German Dax index fell by 3.5% and the UK FTSE index lost 3.2%. In London trade, shares of Rio Tinto fell by 3.7% and shares in BHP were lower by 4.4%.

\* **US sharemarkets** rebounded spectacularly on suggestions that the Federal Reserve was mulling a more cautious approach on rates. At the close the Dow Jones was down by 79 points or 0.3% after being down 785 points earlier in the session. The S&P500 index was lower by 0.2% and the Nasdaq index was up by 30 points or 0.4%.

\* **US treasury bond prices** rose on Thursday (yields lower) as investors favoured safe-haven assets like government bonds in preference to equities and commodities. Also Atlanta Federal Reserve President Raphael Bostic believes that the federal funds rate is in "shouting distance" of the neutral level. US 2-year yields fell by 4 points to 2.76% and US 10-year yields fell by 3 points to 2.89%.

\* **Major currencies were mixed against the US dollar** in US and European trade compared with the Asia close. The Euro rose from US\$1.1320 to US\$1.1410 and was near US\$1.1380 in late US trade. The Aussie dollar eased from near US72.40 cents to around US71.90 cents and was near US72.35 cents in late US trade. And the Japanese yen lifted from 113.15 yen per US dollar to JPY112.25 and was near JPY112.70 in late US trade.

\* **Global oil prices** fell on Thursday. OPEC oil ministers haven't yet secured a deal on output cuts. Reuters quoted a OPEC delegate as saying that said the organisation had agreed on a tentative deal to cut oil output but had not come up with a final figure. OPEC ministers meet with Russia on Friday. Market expectations centre on a deal to cut output by around 1.5 million barrels per day. Brent crude fell by US\$1.50 or 2.4% to US\$60.06 a barrel and the US Nymex price fell by US\$1.40 or 2.6% to US\$51.49 a barrel.

\* **Base metal prices** were lower by up to 3.4% on the London Metal Exchange on Thursday with nickel down the most. But lead rose by 0.1%.

\* **The gold futures price** rose by US\$1.00 an ounce or 0.1% to \$1,243.60 an ounce. The **spot gold** price was trading near US\$1,238 an ounce in late US trade. **Iron ore** fell by US\$1.45 or 2.1% to US\$66.10 a tonne.

**Ahead:** In Australia no major data is scheduled. In the US the non-farm payrolls (employment) data is released.

### Latest Prices

	Level	chg	% chg
US Dow Jones	24947.67	-79.4	-0.3
US S&P500	2695.95	-4.11	-0.2
US Nasdaq	7188.26	+29.833	0.4
UK FTSE	6704.05	-217.79	-3.2
German Dax	10810.98	-389.26	-3.5
Toronto Composite	14937	-245.64	-1.6
ASX24 Futures (night)	5654	-3	-0.1
ASX200 (yesterday)	5657.70		
Shanghai (yesterday)	2605.18	-44.6238	-1.7
Japan Nikkei (y'day)	21501.62	-417.71	-1.9
WBC ADRs	18.64	-0.12	-0.6
BHP ADRs	44.81	-1.07	-2.3
Rio Tinto (UK) pence	3596.00	-136.5	-3.7
BHP (UK) pence	1504.60	-69.2	-4.4
US Volatility (Vix)	21.25		2.5
Volume traded: NYSE (million)		857.12	
	<u>Current</u>	<u>Aust 4pm</u>	
AUD/USD	0.7234	0.7226	
EUR/USD	1.1381	1.1346	
USD/JPY	112.65	112.62	
GBP/USD	1.2785	1.2727	
NZD/USD	0.6877	0.6869	
AUD/NZD	1.0511		
AUD TWI 4pm	62.4		
Oil Brent (\$US/b)	60.06	-1.50	-2.4%
Oil Nymex (\$US/b)	51.49	-1.40	-2.6%
Oil Tapis (\$US/b)	64.39	-1.14	-1.7%
Spot Gold (\$US/oz)	1237.61		
Gold futures (\$US/oz)	1243.60	1.00	0.1%
Spot Iron Ore (\$US/t)	66.1	-1.45	-2.1%
Iron Ore futures (\$US/t)	65.9		
Thermal coal (\$US/t)	102.55	-0.10	-0.1%
Coking coal (CNY/t)	1380		
Uranium, weekly (\$US/kg)	29.1	-0.05	-0.2%
US 10 year (%)	2.8883	-0.03	
US 2 year (%)	2.7580	-0.04	
Aust 10 year (%)	2.449	-0.01	
Aust 3 year (%)	1.92	-0.02	
Aust 90 day futures	98.16	<i>Impl.yld:</i>	1.84%
Aluminium (\$US/t)	1937.00	-33.25	-1.7%
Copper (\$US/t)	6079.50	-95.50	-1.5%
Lead (\$US/t)	1970.50	1.50	0.1%
Nickel (\$US/t)	10780.50	-375.50	-3.4%
Zinc (\$US/t)	2707.00	-36.00	-1.3%
Tin (\$US/t)	18960.00	-243.00	-1.3%